

Internet providers sell to end-users connections between their networks (which may be single computers at a residence) and both a set of services the internet providers have internally and the entire set of services/sites on the internet.

Internet providers have the opportunity to inappropriately taking advantage of this intermediary position to adjust the quality of the connection to capture additional revenue while providing diminished total service to their customers.

In a truly competitive and transparent market this manipulation of the intermediary connection would be of limited concern since consumers could switch providers that affected them in ways they disliked.

However, the market for internet connections is neither significantly competitive nor transparent, leading to an inability for consumers to minimize adverse effects of connection manipulation by internet providers.

The noncompetitive nature of internet connectivity is often disputed but unpersuasively. In most urban markets there are at most two providers of high-speed (1Mbps or higher) internet connectivity - one being the local cable provider, the other the incumbent telephone provider. There are few avenues for significant expansion of the number of providers. Right-of-way issues and costs of laying copper or fiber optic cables prevent second providers of this sort in almost all markets. Radio spectrum is limited and while some communities may eventually see a fixed-wireless provider there's no sign that this will cover most markets or that this kind of service could handle high bitrates for more than a tiny fraction of the market. Satellite services suffer from both bandwidth limitations and latency issues, the latter of which are limitations due to the laws of physics and cannot be improved with changes in technology.

With many different characteristics of importance to consumers (including maximum bitrate, latency, reliability, and

cost), there already are too few provider choices to allow consumers to get the service mix they desire. By adding to this additional characteristics of differential provision of services to different websites or categories of data being transmitted and received the problem is just made worse.

The nontransparency of internet services already exists in the limited market for high speed internet services and there's no reason to assume it will improve with the connection manipulation by internet providers. It's already well established that "unlimited" internet connections have unwritten limitations that when exceeded result in service termination by providers. It's also known that some internet service providers "shape" their traffic to prioritize certain packets of internet data so that as a class they get higher bandwidth or lower delays than other data. Again, the types of data prioritized/deprioritized, as well as the effects of these adjustments, are not publicly documented so that consumers could use them to evaluate their choice of internet provider.

Given the lack of a real market for internet connectivity and the lack of transparency in the existing providers government control over the nature of the connections internet providers offer to customers is necessary. This needed control is government enforced network neutrality.

By requiring network neutrality the government can overcome the inability of a severely limited market to affect providers from imposing transfer limitations on data.

Without this government mandated network neutrality internet providers could adversely affect connectivity to services that compete with their own, resulting in a perceived increase in value to customers for the internet provider's service and therefore an ability to charge more for that service. This should be considered an illegal interference in the market for internet services. Such services could include Voice over IP (VOIP), video on demand (VOD), music download and streaming

services and other services not yet developed or popular.

Without this government mandated network neutrality internet providers could adversely affect connectivity to services whose providers don't pay them an additional fee. This fee mechanism is contrary to market mechanisms in that the internet connection being affected is paid for by the consumers, not the service providers. By disconnecting the consumer from the fees (and the visibility of the fees and the ability to tell what aspects of the service quality are due to the service provider and what aspects are due to the manipulation of the internet provider) internet providers would circumvent the ability of the marketplace to control this behavior.

Claims have been made that regulations known as "Net Neutrality" are unnecessary since there are no, or at most few, situations currently under existence that would be changed as a result of such regulations.

These claims are inaccurate and irrelevant.

They are inaccurate in that undocumented bandwidth caps for "unlimited" services are already the norm in the industry and that service shaping for various classes of services (particularly file-sharing services) are already widespread.

These claims are irrelevant since multiple internet providers have publicly discussed their interest and intention in imposing service changes of the sort limited by "Net Neutrality" in the future. Ignoring these claims or waiting for the harms of these changes before enacting appropriate regulation will, at best, result in a period of time between the imposition of harms and their repair by regulation, and at worst claims that the removal of the harms after the fact of their creation is economically infeasible.

In summary, there isn't an efficient market in internet services, no significant improvement in the degree of market efficiency is likely, internet service providers have already imposed nontransparent service manipulations on internet connections and have already stated their intent on imposing

additions nontransparent service manipulations. Without an effective market to control these manipulations the government must regulate them with the establishment of "Network Neutrality" regulations.